

CHRISTOPHER S CROOK
CAROLYN E. GALBREATH
PHILLIP R. MALONE
MARC SIEGEL
JEANE HAMILTON
Antitrust Division
U.S. Department of Justice
450 Golden Gate Avenue
Box 36046, Room 10-0101
San Francisco, California 94102
Telephone: 415/436-6660

Attorneys for
United States of America

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

v.

PHSG HOLDINGS, INC.,

Defendant.

) No. CR 96-00322

) SAN FRANCISCO VENUE

) INFORMATION

) VIOLATIONS:

) Title 15 United States
) Code, Sections 78q, 78ff;
) Title 17 United States Code

) of Federal Regulations,
) Section 240.17a (False
) Books and Records); and
) Title 18 United States
) Code, Section 2

Judge: Fern Smith

The United States of America, acting through its attorneys,
charges:

I. DEFENDANT

1. PHSG HOLDINGS, INC. (HOLDINGS) is hereby made a
defendant in this Information.

2. Defendant HOLDINGS is a corporation, organized and existing under the laws of the State of Utah, is successor in interest by merger with PHSB Holdings, Inc., an Arizona corporation and is the holding company for an affiliated registered broker-dealer of securities that is incorporated, organized, exists and transacts business in the State of Arizona. The affiliated Arizona broker-dealer is registered with the United States Securities and Exchange Commission. At all times relevant to this information, defendant HOLDINGS was controlled by nine principals who maintained beneficial ownership of one hundred percent of the shares of HOLDINGS. HOLDINGS, the owner of one hundred percent of the shares of the affiliated Arizona broker-dealer, supervised and controlled the activities of the affiliated Arizona broker-dealer. HOLDINGS, through the activities of its Arizona broker-dealer, was required to maintain certain books and records, in accordance with the United States securities laws, rules and regulations and enforced by the United States Securities and Exchange Commission.

3. Whenever this Information refers to any act, deed or transaction of a corporation, the allegations mean that the corporation engaged in the act, deed or transaction by or through its officers, directors, agents, employees, or representatives while they were actively engaged in the management, direction, control or transaction of the corporation's business or affairs.

II. THE CHARGED OFFENSE

4. Beginning at least as early as April 1993, and continuing into at least October 1993, the exact dates being unknown to the United States, in the Northern District of California and elsewhere, defendant HOLDINGS did aid and abet and unlawfully, wilfully and knowingly caused and failed to make and to keep such records as the United States Securities and Exchange Commission, by rule, has prescribed as necessary and appropriate to the public interest, that is:

HOLDINGS, through the action of certain officers and directors of its affiliated Arizona broker-dealer, unlawfully, wilfully and knowingly caused to be made, kept and maintained erroneous, incorrect and false books and records, including but not limited to an invoice dated September 27, 1993, that erroneously and incorrectly stated that a payment of \$118,428.75 to the Arizona broker-dealer, by a California corporation, located in the Northern District of California, was for professional services, including analysis of escrows, rendered by the Arizona broker-dealer affiliate in conjunction with eight municipal bond refundings in the States of California and Washington, when the payment was, in fact, obtained for a referral, to the firm located in the Northern District of California, by the affiliated Arizona broker-dealer, of business associated

with the placement of a forward purchase agreement, in
connection with a different refunding,

ALL IN VIOLATION OF 15 U.S.C. §§ 78q, 78ff, 17 C.F.R. §
240.17a; and 18 U.S.C. §2.

_____/s/_____
JOEL I. KLEIN
Acting Assistant Attorney General
Antitrust Division

_____/s/_____
MICHAEL J. YAMAGUCHI
United States Attorney
Northern District of
California

_____/s/_____
GARY R. SPRATLING

_____/s/_____
CHRISTOPHER S CROOK
CAROLYN E. GALBREATH
PHILLIP R. MALONE
MARC SIEGEL
JEANE HAMILTON

Attorneys
Antitrust Division
U. S. Department of Justice